

Good afternoon and welcome.

This is the third hearing in a series of hearings on the State of Urban America. The series intends to take a closer look at American cities, their progress, their problems, and their future. Today's hearing will take a closer look at the adequacy of labor law enforcement in New Orleans in the aftermath of Hurricanes Katrina and Rita. Our previous hearings looked at taxpayer-financed debt for the construction of sports stadiums as well as the subprime mortgage industry, the problem of foreclosure, the pay day lending industry and the enforcement of the Community Reinvestment Act.

Today we will examine the adequacy of labor law enforcement in New Orleans post-Katrina. On August 29th 2005 Hurricane Katrina broke levees and flooded New Orleans with more than 100 billion gallons of water. The flooding killed at least 1,400 people, half of whom were from New Orleans, and left hundreds of thousands of others homeless.

The no-bid, cost-plus contracts that characterized the reconstruction have received some scrutiny. Companies such as AshBritt Inc., Bechtel Group Inc., Ceres Environmental, Fluor Corporation, and Kellogg Brown & Root, a subsidiary of Halliburton, amongst many others received billions of dollars for rebuilding New Orleans, in much the same process as was followed in Iraq. And many of the same players as well.

But what has not yet received sufficient scrutiny, and is the focus of today's hearing, is this: in addition to getting cost-plus and no-bid contracts, the corporations receiving federal contracts and subcontracts also benefited from the suspension of many labor laws and the non-enforcement of others.

In the aftermath of the hurricanes, President Bush issued a number of executive orders to suspend labor laws and documentation requirements. These included the suspension of the Davis-Bacon Act, the suspension of Affirmative Action requirements, the suspension of regular enforcement of Occupational, Safety, and Health Administration standards, and the suspension of documentation requirements by the Department of Homeland Security.

The Department of Labor is the federal cop on the workplace safety, wages, and hours beat. Where was Sherriff Labor during the early months of the reconstruction? Here is just one troubling statistic: the number of DOL investigations in New Orleans decreased from 70 in the year before Katrina to 44 in the year after Katrina, a 37% decrease.

In the meantime, the crimes of employers against workers stacked up. Matt Redd, a New Orleans real estate mogul, filed with the Department of Labor to sponsor guest workers from countries such as Mexico. But he apparently lied when he stated that these “H2B” workers had jobs waiting for them. Rather, he was a human trafficker, and he rented those unfortunate migrant workers out to garbage collection companies and restaurants at an hourly wage. Our witness from the New Orleans Workers’ Center for Racial Justice will share the story of their struggle on behalf of the guest workers to redress their grievances with Matt Redd as well their struggle to get the DOL to do something about it.

The stories of violations are abundant. Consider the story of Antonia which has been documented by the Southern Poverty Law Center. Antonia has been living in New Orleans for four years. She complains that she was never paid for her work.

She recounts,

The company owners kept telling us we’re going to receive our checks—first it was Monday and then it was going to be Wednesday. We would wait in a long line for our paychecks from 6 p.m. until midnight or 2 a.m. after working all day! When my turn arrived to get my check, I’d already been working two weeks, and I was angry because I hadn’t been paid. I’d been working to make money in order to buy food! It was Christmas time and, after not being paid, I went to New York to visit my children. I had to go there without a cent. Now, two months later, I still haven’t received a single check for that work.

Unfortunately, Antonia’s story is not unique. Today our first witness is Mr. Jeffrey Steele who has a very similar story to recount.

Part of the problem seems to be that the DOL was slow to adapt to the need and to respond to labor abuses against a new immigrant population. For instance, our investigation has revealed that the New Orleans District Office took one year and four months after the hurricanes to hire a new Spanish speaking investigator, bringing the total capacity to 2.

Nearly two years later, the Office only has 3 Spanish speaking investigators out of a total of 12 investigators. At least for workers from Guatemala and Mexico, there is a chance of being helped but for the workers who have come from Brazil—there is not a single Portuguese-speaking investigator on staff. Our witness from the Southern Poverty Law Center will tell us how this shortcoming has affected dozens of workers in New Orleans.

Part of the problem seems to reside with the national DOL office. After the hurricanes deprived hundreds of thousands people of their homes, including most if not all of the staff and investigators of the New Orleans DOL office, what supplemental support did the Washington office provide? Our inquiry reveals that Washington sent the first detailed employee to help, for a period of two weeks, nearly three months after the hurricanes.

Part of the problem seems to be the administration of the law. Guest workers, who come to work in the U.S. on H2-B visas, are susceptible to other labor violations as well. Often times, after paying a fee for their visa, after paying for a plane ticket, as well as a substantial fee to the labor broker who invited them to work in the United States, they arrive in the U.S. only find that there is no work for them. In many cases, they are subjected to horrible living conditions, non-payment for overtime, and non-payment at all. In the worst case, these guest workers have their passports and visas confiscated by employers rendering them virtual slaves at the hands of someone who used legal means to import them into the U.S.

The DOL claims that it has little to no authority to act on behalf of the H2-B visa holders. Unlike statutes protecting agricultural guest workers, or H2-A visa holders, no similar legislation exists to protect non-agricultural guest workers. The DOL, which has the authority to grant or deny certification for a foreign labor contract through its Office of Foreign Labor Certification, can not do so much as deny certification for an employer who has been prosecuted for labor law violations. Instead, the DHS is granted complete authority over the enforcement of H2-B contract terms. Irrespective of the statutory limitations impeding DOL advocacy on behalf of H2-B workers, the DOL Wage and Hour Division still has the authority and the responsibility to prosecute employers for violations of the Federal Labor Standards Act and the Davis-Bacon Act.

The interplay of labor law suspensions, an influx of workers, huge contractors, and non-enforcement of labor law created an environment, according to some of our witnesses, of virtual lawlessness in New Orleans. An environment they have described to us as the “wild wild west.”

Today, I hope we can discover why and how this occurred.